

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING )  
OF ELAM UTILITY COMPANY ) CASE NO. 9845-H

ORDER

On July 30, 1987, the Commission issued its Order in Case No. 9845 approving certain adjustments in rates for Elam Utility Company ("Elam") and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On November 17, 2000, Elam filed its GCA to become effective from January 1, 2001 to April 1, 2001.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. In its notice of November 17, 2000, Elam proposed revised rates designed to pass on to its customers its expected wholesale increase in gas costs. Elam's proposed EGC is \$5.9669 per Mcf. Elam incorrectly calculated its EGC on Schedule II by using a purchase volume that was 95 percent of its sales volume. Elam should have multiplied the Average Expected Cost per Mcf Purchased by its purchase volume of 51,637 Mcf. The correct procedure is to use the actual purchase volumes unless the utility experienced line loss greater than 5 percent. If line loss is greater than 5 percent, then the purchase volume used is the sales volume divided by .95. Correcting for this

error produces a revised EGC of \$6.3707, 87.64 cents per Mcf more than the prior EGC of \$5.4943.

2. Elam's notice set out no refund adjustment.

3. Elam's notice set out a current quarter actual adjustment ("AA") of 3.84 cents per Mcf to collect under-recovered gas cost from July, August and September 2000. Elam used its current suppliers' rate of \$6.2809 to calculate its current AA rather than Elam's EGC of \$3.4758 in effect during July, August and September 2000. Correcting for this error produces a current AA of 26.59 cents per Mcf. Elam proposed a total AA of (8.62) cents per Mcf. Correcting for the current AA produces a total AA of 14.13 cents per Mcf, representing an increase of 26.59 cents per Mcf from the total AA previously in effect.

4. Elam's notice set out no current quarter balance adjustment ("BA").

5. These adjustments produce a revised gas cost recovery rate of \$6.5120 per Mcf, an increase of \$1.1423 per Mcf from the prior rate of \$5.3697 per Mcf.

6. The rate adjustment in the Appendix to this Order is fair, just and reasonable, is in the public interest, and should be approved for service rendered on and after January 1, 2001.

IT IS THEREFORE ORDERED that:

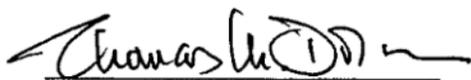
1. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after January 1, 2001.

2. Within 30 days of the date of this Order, Elam shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 12<sup>th</sup> day of December, 2000.

By the Commission

ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 9845-H DATED DECEMBER 12, 2000

The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Residential

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
Customer Charge			\$4.10
First 11 Mcf	\$3.5673	\$6.5120	\$10.0793
Over 11 Mcf	4.5673	6.5120	11.0793

Industrial

Customer Charge			\$5.15
All Mcf	\$3.5673	\$6.5120	\$10.0793

SUMMARY OF PURCHASED GAS ADJUSTMENT FILING

Case No. 9845-H

Filing Date November 17, 2000

Utility Elam Utility Company

Proposed Effective Date Calendar Quarter Beginning January 1, 2001

Wholesale Gas Supplier Cumberland Valley Resources, Jefferson Gas

Filing reflects a:

Wholesale cost Increase of 87.64 cents per Mcf  
Retail rate Increase of \$1.1423 per Mcf

Gas Cost Adjustment Components:

EGC	\$6.3707
RA	
AA	.1413
BA	
GCA	<u>\$6.5120</u>

Prepared by: Dawn McGee

Date: November 21, 2000